

1 HOUSE BILL NO. 377

2 INTRODUCED BY C. YOUNKIN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION
5 BONDS FOR PURPOSES OF FINANCING INFRASTRUCTURE IMPROVEMENTS AND EQUIPMENT FOR
6 A HYDROGEN FUTURES PARK AND HYDROGEN TECHNOLOGY PROJECTS; CREATING A STATE DEBT;
7 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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9 WHEREAS, Montana continues to lag behind the rest of the nation in average per capita income; and

10 WHEREAS, Montana has no significant fiscal driver for its economy; and

11 WHEREAS, resources are not available to bolster a failing state economy and infrastructure; and

12 WHEREAS, Montana's raw natural resources are being depleted and shipped out of state in their raw
13 form; and

14 WHEREAS, a majority of Montana's energy resources are presently pollution-prone, carbon-based
15 resources; and

16 WHEREAS, pollution controls, obsolescence of carbon-based energy sources, and energy security
17 demands will dictate the future use of nonpolluting, inexhaustible energy sources; and

18 WHEREAS, Montana is the only state in the nation with all of the natural resources, including oil, gas,
19 coal, biomass, platinum, wind, water, and solar energy, to make it a leading state in the production of hydrogen
20 and hydrogen-related products; and

21 WHEREAS, the state has determined that it is in the best interest of the citizens and taxpayers of the
22 state to promote and induce the creation of higher-paying jobs in the state; and

23 WHEREAS, the Legislature has determined that the state must be able to participate in innovative
24 technologies and training in order to attract businesses that create better-paying jobs; and

25 WHEREAS, the Legislature has determined that the inducement and attraction of federal and private
26 industry funds to train a highly qualified workforce to attract business to create jobs in Montana is a public
27 purpose in that it will provide more and better employment opportunities for its citizens, particularly its
28 college-educated young citizens who frequently leave the state in search of good jobs, and it will increase the
29 tax base for both state and local government and in general enhance the opportunities for greater prosperity for
30 the state; and

1 WHEREAS, given the state's location and other reasons, the Legislature has determined that hydrogen
2 and the many aspects of a hydrogen-related economy represent the best potential for good, quality jobs.

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4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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6 NEW SECTION. **Section 1. Authorization for bonds.** (1) The board of examiners is authorized to
7 issue and sell general obligation bonds in an amount not exceeding \$30 million, in accordance with the terms
8 and in the manner required by Title 17, chapter 5, part 8, to support the education of Montana citizens and to
9 create a hydrogen-related economy. The bonds may be used for the purpose of financing infrastructure
10 improvements as enumerated in 7-15-4288 and equipment for a hydrogen futures park as recommended by the
11 department of commerce. The hydrogen futures park is intended to be located at the university of
12 Montana-Missoula, college of technology. The bonds are in addition to any other authorization to the board of
13 examiners to issue and sell general obligation bonds and are subject to the conditions set forth in this section.

14 (2) The department of commerce may request the board of examiners to issue the bonds for one or
15 more specified projects in one or more series, but the total amount of bonds issued may not exceed \$30 million.
16 Bond proceeds are appropriated to the department of commerce, and the department is authorized to construct
17 the infrastructure improvements or acquire the equipment, to contract with the city or county in which a project
18 is located, to contract with a certified community lead organization, as defined in 90-1-116, or to contract with
19 the developer of an approved project for the construction of the infrastructure improvement or the acquisition
20 of equipment upon a determination that it is in the best interest of the project. The plans and specifications for
21 the infrastructure and equipment to be financed from the proceeds of the bonds must be approved by and be
22 acceptable to the department of commerce following a review of the plans and specifications of the infrastructure
23 by the architecture and engineering division of the department of administration, but the design and construction
24 of the infrastructure and the acquisition of equipment for approved projects are not, with the exception of Title
25 18, chapter 2, part 4, subject to the public procurement requirements contained in Title 18. Infrastructure and
26 equipment financed with bond proceeds are owned by the state and may be replicated throughout the state to
27 meet the technological needs of a hydrogen-related workforce and economy. Infrastructure and equipment use
28 must be governed by a development agreement between the state and the developer of the project. The
29 agreement may provide for the use of the infrastructure and equipment at less than fair market value, taking into
30 consideration the number of jobs to be created by the project, the salary range of the jobs, the amount of capital

1 contributed by the developer, and the projected tax revenue to be received by the state and local governments
2 from the project over the term of the lease or use agreement.

3 (3) It is the intent of the legislature that debt service payments for the bonds authorized by this section
4 will be covered by the totality of the tax revenue generated by the futures park and technology development
5 projects, calculated by an economic impact analysis of the projects on state tax revenue. Prior to requesting
6 that the board of examiners issue bonds, the department of commerce shall determine that the developer of a
7 proposed project has the financial ability to construct and implement the project based upon audited financial
8 statements. When requesting the board of examiners to issue bonds, the department of commerce shall present
9 the following:

10 (a) evidence satisfactory to the board that each hydrogen project developer has committed to locating
11 the project in Montana; and

12 (b) a document signed by the director of the office of budget and program planning stating that the tax
13 revenue to be received by the state from each project over the term of the bonds will be sufficient to pay the
14 amount of principal and interest on the bonds issued for that project.

15 (4) It is the intent of the legislature that debt service payments for the bonds authorized by this section
16 will be covered by the totality of the taxes generated by the infrastructure improvements and equipment for a
17 hydrogen futures park to be calculated by an economic impact analysis of the projects on state tax revenue. Prior
18 to requesting the board of examiners to issue the bonds, the department of commerce shall determine that the
19 developer of a proposed project has the financial ability to construct and implement the project based upon
20 audited financial statements. When requesting the board of examiners to issue the bonds, the department of
21 commerce shall present to the department of administration for presentation to the board of examiners the
22 following:

23 (a) evidence satisfactory to the board that each person proposing an infrastructure improvement,
24 equipment purchase, or hydrogen futures park has committed itself to locate its project in Montana and has
25 acquired a site for the project; and

26 (b) a certificate signed by the director of the office of budget and program planning that the tax revenue
27 to be received by the state from each infrastructure improvement, equipment purchase, or hydrogen futures park
28 project over the term of the bonds will be sufficient to pay the principal amount of and interest on the bonds
29 issued to assist with the specific project.

30 (5) For the purposes of this section, "equipment" means machinery used in the design, manufacture,

1 repair, and maintenance of hydrogen projects.

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3 NEW SECTION. **Section 2. Two-thirds vote required.** Because [section 1] authorizes the creation
4 of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of
5 each house of the legislature for passage.

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7 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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